

[DISCUSSION DRAFT]

1 **TITLE IV—COAL** 2 **Subtitle A—Clean Coal Power** 3 **Initiative**

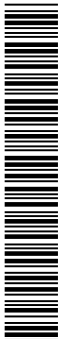
4 **SEC. 401. AUTHORIZATION OF APPROPRIATIONS.**

5 (a) CLEAN COAL POWER INITIATIVE.—There are au-
6 thorized to be appropriated to the Secretary of Energy (re-
7 ferred to in this title as the “Secretary”) to carry out the
8 activities authorized by this subtitle \$200,000,000 for
9 each of fiscal years 2006 through 2014, to remain avail-
10 able until expended.

11 (b) REPORT.—The Secretary shall submit to Con-
12 gress the report required by this subsection not later than
13 March 31, 2007. The report shall include, with respect
14 to subsection (a), a 10-year plan containing—

15 (1) a detailed assessment of whether the aggre-
16 gate funding levels provided under subsection (a) are
17 the appropriate funding levels for that program;

18 (2) a detailed description of how proposals will
19 be solicited and evaluated, including a list of all ac-
20 tivities expected to be undertaken;



1 (3) a detailed list of technical milestones for
2 each coal and related technology that will be pur-
3 sued; and

4 (4) a detailed description of how the program
5 will avoid problems enumerated in General Account-
6 ing Office reports on the Clean Coal Technology
7 Program, including problems that have resulted in
8 unspent funds and projects that failed either finan-
9 cially or scientifically.

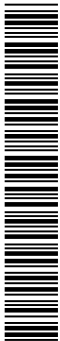
10 **SEC. 402. PROJECT CRITERIA.**

11 (a) IN GENERAL.—The Secretary shall not provide
12 funding under this subtitle for any project that does not
13 advance efficiency, environmental performance, and cost
14 competitiveness well beyond the level of technologies that
15 are in commercial service or have been demonstrated on
16 a scale that the Secretary determines is sufficient to dem-
17 onstrate that commercial service is viable as of the date
18 of enactment of this Act.

19 (b) TECHNICAL CRITERIA FOR CLEAN COAL POWER
20 INITIATIVE.—

21 (1) GASIFICATION PROJECTS.—

22 (A) IN GENERAL.—In allocating the funds
23 made available under section 401(a), the Sec-
24 retary shall ensure that at least 60 percent of
25 the funds are used only for projects on coal-



1 based gasification technologies, including gasifi-
2 cation combined cycle, gasification fuel cells,
3 gasification coproduction, and hybrid gasifi-
4 cation/combustion.

5 (B) TECHNICAL MILESTONES.—The Sec-
6 retary shall periodically set technical milestones
7 specifying the emission and thermal efficiency
8 levels that coal gasification projects under this
9 subtitle shall be designed, and reasonably ex-
10 pected, to achieve. The technical milestones
11 shall become more restrictive during the life of
12 the program. The Secretary shall set the peri-
13 odic milestones so as to achieve by 2020 coal
14 gasification projects able—

15 (i) to remove 99 percent of sulfur di-
16 oxide;

17 (ii) to emit not more than .05 lbs of
18 NO_x per million Btu;

19 (iii) to achieve substantial reductions
20 in mercury emissions; and

21 (iv) to achieve a thermal efficiency
22 of—

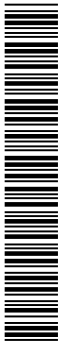
23 (I) 60 percent for coal of more
24 than 9,000 Btu;



- 1 (II) 59 percent for coal of 7,000
2 to 9,000 Btu; and
3 (III) 50 percent for coal of less
4 than 7,000 Btu.

5 (2) OTHER PROJECTS.—The Secretary shall pe-
6 riodically set technical milestones and ensure that up
7 to 40 percent of the funds appropriated pursuant to
8 section 401(a) are used for projects not described in
9 paragraph (1). The milestones shall specify the
10 emission and thermal efficiency levels that projects
11 funded under this paragraph shall be designed to
12 and reasonably expected to achieve. The technical
13 milestones shall become more restrictive during the
14 life of the program. The Secretary shall set the peri-
15 odic milestones so as to achieve by 2010 projects
16 able—

- 17 (A) to remove 97 percent of sulfur dioxide;
18 (B) to emit no more than .08 lbs of NO_x
19 per million Btu;
20 (C) to achieve substantial reductions in
21 mercury emissions; and
22 (D) to achieve a thermal efficiency of—
23 (i) 45 percent for coal of more than
24 9,000 Btu;



1 (ii) 44 percent for coal of 7,000 to
2 9,000 Btu; and

3 (iii) 40 percent for coal of less than
4 7,000 Btu.

5 (3) CONSULTATION.—Before setting the tech-
6 nical milestones under paragraphs (1)(B) and (2),
7 the Secretary shall consult with the Administrator of
8 the Environmental Protection Agency and interested
9 entities, including coal producers, industries using
10 coal, organizations to promote coal or advanced coal
11 technologies, environmental organizations, and orga-
12 nizations representing workers.

13 (4) EXISTING UNITS.—In the case of projects
14 at units in existence on the date of enactment of this
15 Act, in lieu of the thermal efficiency requirements
16 set forth in paragraph (1)(B)(iv) and (2)(D), the
17 milestones shall be designed to achieve an overall
18 thermal design efficiency improvement, compared to
19 the efficiency of the unit as operated, of not less
20 than—

21 (A) 7 percent for coal of more than 9,000
22 Btu;

23 (B) 6 percent for coal of 7,000 to 9,000
24 Btu; or



1 (C) 4 percent for coal of less than 7,000
2 Btu.

3 (5) PERMITTED USES.—In carrying out this
4 subtitle, the Secretary may fund projects that in-
5 clude, as part of the project, the separation and cap-
6 ture of carbon dioxide.

7 (c) FINANCIAL CRITERIA.—The Secretary shall not
8 provide a funding award under this subtitle unless the re-
9 cipient documents to the satisfaction of the Secretary
10 that—

11 (1) the award recipient is financially viable
12 without the receipt of additional Federal funding;

13 (2) the recipient will provide sufficient informa-
14 tion to the Secretary to enable the Secretary to en-
15 sure that the award funds are spent efficiently and
16 effectively; and

17 (3) a market exists for the technology being
18 demonstrated or applied, as evidenced by statements
19 of interest in writing from potential purchasers of
20 the technology.

21 (d) FINANCIAL ASSISTANCE.—The Secretary shall
22 provide financial assistance to projects that meet the re-
23 quirements of subsections (a), (b), and (c) and are likely
24 to—



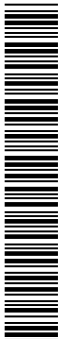
1 (1) achieve overall cost reductions in the utiliza-
2 tion of coal to generate useful forms of energy;

3 (2) improve the competitiveness of coal among
4 various forms of energy in order to maintain a diver-
5 sity of fuel choices in the United States to meet elec-
6 tricity generation requirements; and

7 (3) demonstrate methods and equipment that
8 are applicable to 25 percent of the electricity gener-
9 ating facilities, using various types of coal, that use
10 coal as the primary feedstock as of the date of en-
11 actment of this Act.

12 (e) FEDERAL SHARE.—The Federal share of the cost
13 of a coal or related technology project funded by the Sec-
14 retary under this subtitle shall not exceed 50 percent.

15 (f) APPLICABILITY.—No technology, or level of emis-
16 sion reduction, shall be treated as adequately dem-
17 onstrated for purposes of section 111 of the Clean Air Act
18 (42 U.S.C. 7411), achievable for purposes of section 169
19 of that Act (42 U.S.C. 7479), or achievable in practice
20 for purposes of section 171 of that Act (42 U.S.C. 7501)
21 solely by reason of the use of such technology, or the
22 achievement of such emission reduction, by 1 or more fa-
23 cilities receiving assistance under this subtitle.



1 **SEC. 403. REPORT.**

2 Not later than 1 year after the date of enactment
3 of this Act, and once every 2 years thereafter through
4 2014, the Secretary, in consultation with other appro-
5 priate Federal agencies, shall submit to Congress a report
6 describing—

7 (1) the technical milestones set forth in section
8 402 and how those milestones ensure progress to-
9 ward meeting the requirements of subsections
10 (b)(1)(B) and (b)(2) of section 402; and

11 (2) the status of projects funded under this
12 subtitle.

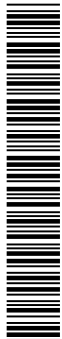
13 **SEC. 404. CLEAN COAL CENTERS OF EXCELLENCE.**

14 As part of the program authorized in section 401,
15 the Secretary shall award competitive, merit-based grants
16 to universities for the establishment of Centers of Excel-
17 lence for Energy Systems of the Future. The Secretary
18 shall provide grants to universities that show the greatest
19 potential for advancing new clean coal technologies.

20 **Subtitle B—Clean Power Projects**

21 **SEC. 411. COAL TECHNOLOGY LOAN.**

22 There are authorized to be appropriated to the Sec-
23 retary \$125,000,000 to provide a loan to the owner of the
24 experimental plant constructed under United States De-
25 partment of Energy cooperative agreement number DE-
26 FC-22-91PC90544 on such terms and conditions as the



1 Secretary determines, including interest rates and upfront
2 payments.

3 **SEC. 412. COAL GASIFICATION.**

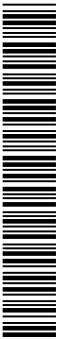
4 The Secretary is authorized to provide loan guaran-
5 tees for a project to produce energy from a plant using
6 integrated gasification combined cycle technology of at
7 least 400 megawatts in capacity that produces power at
8 competitive rates in deregulated energy generation mar-
9 kets and that does not receive any subsidy (direct or indi-
10 rect) from ratepayers.

11 **SEC. 413. INTEGRATED GASIFICATION COMBINED CYCLE**
12 **TECHNOLOGY.**

13 The Secretary is authorized to provide loan guaran-
14 tees for a project to produce energy from a plant using
15 integrated gasification combined cycle technology located
16 in a taconite-producing region of the United States that
17 is entitled under the law of the State in which the plant
18 is located to enter into a long-term contract approved by
19 a State Public Utility Commission to sell at least 450
20 megawatts of output to a utility.

21 **SEC. 414. PETROLEUM COKE GASIFICATION.**

22 The Secretary is authorized to provide loan guaran-
23 tees for at least 1 petroleum coke gasification
24 polygeneration project.

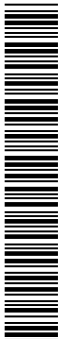


1 **SEC. 415. INTEGRATED COAL/RENEWABLE ENERGY SYS-**
2 **TEM.**

3 The Secretary is authorized, subject to the avail-
4 ability of appropriations, to provide loan guarantees for
5 a project to produce energy from coal of less than 7000
6 btu/lb using appropriate advanced integrated gasification
7 combined cycle technology, including repowering of exist-
8 ing facilities, that is combined with wind and other renew-
9 able sources, minimizes and offers the potential to seques-
10 ter carbon dioxide emissions, and provides a ready source
11 of hydrogen for near-site fuel cell demonstrations. The fa-
12 cility may be built in stages, combined output shall be at
13 least 200 megawatts at successively more competitive
14 rates, and the facility shall be located in the Upper Great
15 Plains. Section 402(b) technical criteria apply, and the
16 Federal cost share shall not exceed 50 percent. The loan
17 guarantees provided under this section do not preclude the
18 facility from receiving an allocation for investment tax
19 credits under section 48A of the Internal Revenue Code
20 of 1986. Utilizing this investment tax credit does not pro-
21 hibit the use of other Clean Coal Program funding.

22 **SEC. 416. ELECTRON SCRUBBING DEMONSTRATION.**

23 The Secretary shall use \$5,000,000 from amounts
24 appropriated to initiate, through the Chicago Operations
25 Office, a project to demonstrate the viability of high-en-



1 ergy electron scrubbing technology on commercial-scale
2 electrical generation using high-sulfur coal.

3 **Subtitle C—Federal Coal Leases**

4 **SEC. 421. REPEAL OF THE 160-ACRE LIMITATION FOR COAL** 5 **LEASES.**

6 Section 3 of the Mineral Leasing Act (30 U.S.C. 203)
7 is amended—

8 (1) in the first sentence—

9 (A) by striking “Any person” and inserting
10 “(a) Any person”;

11 (B) by inserting a comma after “may”;
12 and

13 (C) by striking “upon” and all that follows
14 through the period and inserting the following:
15 “upon a finding by the Secretary that the
16 lease—

17 “(1) would be in the interest of the United
18 States;

19 “(2) would not displace a competitive interest
20 in the land; and

21 “(3) would not include land or deposits that can
22 be developed as part of another potential or existing
23 operation;

24 secure modifications of the original coal lease by including
25 additional coal land or coal deposits contiguous or cor-



1 nering to those embraced in the lease, but in no event shall
2 the total area added by any modifications to an existing
3 coal lease exceed 1280 acres, or add acreage larger than
4 the acreage in the original lease.”;

5 (2) in the second sentence, by striking “The
6 Secretary” and inserting the following:

7 “(b) The Secretary”; and

8 (3) in the third sentence, by striking “The min-
9 imum” and inserting the following:

10 “(c) The minimum”.

11 **SEC. 422. MINING PLANS.**

12 Section 2(d)(2) of the Mineral Leasing Act (30
13 U.S.C. 202a(2)) is amended—

14 (1) by inserting “(A)” after “(2)”; and

15 (2) by adding at the end the following:

16 “(B) The Secretary may establish a period of more
17 than 40 years if the Secretary determines that the longer
18 period—

19 “(i) will ensure the maximum economic recovery
20 of a coal deposit; or

21 “(ii) the longer period is in the interest of the
22 orderly, efficient, or economic development of a coal
23 resource.”.



1 **SEC. 423. PAYMENT OF ADVANCE ROYALTIES UNDER COAL**
2 **LEASES.**

3 Section 7(b) of the Mineral Leasing Act (30 U.S.C.
4 207(b)) is amended to read as follows:

5 “(b)(1) Each lease shall be subjected to the condition
6 of diligent development and continued operation of the
7 mine or mines, except in a case in which operations under
8 the lease are interrupted by strikes, the elements, or cas-
9 ualties not attributable to the lessee.

10 “(2)(A) The Secretary of the Interior may suspend
11 the condition of continued operation upon the payment of
12 advance royalties, if the Secretary determines that the
13 public interest will be served by the suspension.

14 “(B) Advance royalties required under subparagraph
15 (A) shall be computed based on—

16 “(i) the average price for coal sold in the spot
17 market from the same region during the last month
18 of each applicable continued operation year; or

19 “(ii) by using other methods established by the
20 Secretary of the Interior to capture the commercial
21 value of coal,

22 and based on commercial quantities, as defined by regula-
23 tion by the Secretary of the Interior.

24 “(C) The aggregate number of years during the ini-
25 tial and any extended term of any lease for which advance



1 royalties may be accepted in lieu of the condition of contin-
2 ued operation shall not exceed 20.

3 “(3) The amount of any production royalty paid for
4 any year shall be reduced (but not below 0) by the amount
5 of any advance royalties paid under the lease, to the extent
6 that the advance royalties have not been used to reduce
7 production royalties for a prior year.

8 “(4) The Secretary may, upon 6 months’ notice to
9 a lessee, cease to accept advance royalties in lieu of the
10 requirement of continued operation.

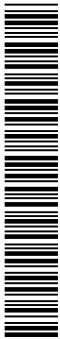
11 “(5) Nothing in this subsection affects the require-
12 ment contained in the second sentence of subsection (a)
13 relating to commencement of production at the end of 10
14 years.”.

15 **SEC. 424. ELIMINATION OF DEADLINE FOR SUBMISSION OF**
16 **COAL LEASE OPERATION AND RECLAMATION**
17 **PLAN.**

18 Section 7(c) of the Mineral Leasing Act (30 U.S.C.
19 207(c)) is amended in the first sentence by striking “and
20 not later than three years after a lease is issued,”.

21 **SEC. 425. AMENDMENT RELATING TO FINANCIAL ASSUR-**
22 **ANCES WITH RESPECT TO BONUS BIDS.**

23 Section 2(a) of the Mineral Leasing Act (30 U.S.C.
24 201(a)) is amended by adding at the end the following:



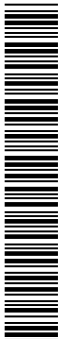
1 “(4)(A) The Secretary shall not require a surety bond
2 or any other financial assurance to guarantee payment of
3 deferred bonus bid installments with respect to any coal
4 lease issued on a cash bonus bid to a lessee or successor
5 in interest having a history of a timely payment of noncon-
6 tested coal royalties and advanced coal royalties in lieu
7 of production (where applicable) and bonus bid installment
8 payments.

9 “(B) The Secretary may waive any requirement that
10 a lessee provide a surety bond or other financial assurance
11 for a coal lease issued before the date of the enactment
12 of the Energy Policy Act of 2005 only if the Secretary
13 determines that the lessee has a history of making timely
14 payments referred to in subparagraph (A).

15 “(5) Notwithstanding any other provision of law, if
16 the lessee under a coal lease fails to pay any installment
17 of a deferred cash bonus bid within 10 days after the Sec-
18 retary provides written notice that payment of the install-
19 ment is past due—

20 “(A) the lease shall automatically terminate;
21 and

22 “(B) any bonus payments already made to the
23 United States with respect to the lease shall not be
24 returned to the lessee or credited in any future lease
25 sale.”.



1 **SEC. 426. INVENTORY REQUIREMENT.**

2 (a) REVIEW OF ASSESSMENTS.—

3 (1) IN GENERAL.—The Secretary of the Inte-
4 rior, in consultation with the Secretary of Agri-
5 culture and the Secretary, shall review coal assess-
6 ments and other available data to identify—

7 (A) public lands, other than National Park
8 lands, with coal resources;

9 (B) the extent and nature of any restric-
10 tions or impediments to the development of coal
11 resources on public lands identified under sub-
12 paragraph (A); and

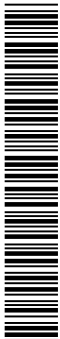
13 (C) with respect to areas of such lands for
14 which sufficient data exists, resources of com-
15 pliant coal and supercompliant coal.

16 (2) DEFINITIONS.—In this subsection:

17 (A) COMPLIANT COAL.—The term “compli-
18 ant coal” means coal that contains not less
19 than 1.0 and not more than 1.2 pounds of sul-
20 fur dioxide per million Btu.

21 (B) SUPERCOMPLIANT COAL.—The term
22 “supercompliant coal” means coal that contains
23 less than 1.0 pounds of sulfur dioxide per mil-
24 lion Btu.

25 (b) COMPLETION AND UPDATING OF THE INVEN-
26 TORY.—The Secretary of the Interior—



1 (1) shall complete the inventory under sub-
2 section (a)(1) by not later than 2 years after the
3 date of the enactment of this Act; and

4 (2) shall update the inventory as the availability
5 of data and developments in technology warrant.

6 (c) REPORT.—The Secretary of the Interior shall
7 submit to Congress, and make publicly available—

8 (1) a report containing the inventory under this
9 section by not later than 2 years after the effective
10 date of this section; and

11 (2) each update of that inventory.

12 **SEC. 427. APPLICATION OF AMENDMENTS.**

13 The amendments made by this subtitle apply—

14 (1) with respect to any coal lease issued on or
15 after the date of enactment of this Act; and

16 (2) with respect to any coal lease issued before
17 the date of enactment of this Act, upon the earlier
18 of—

19 (A) the date of readjustment of the lease
20 as provided for by section 7(a) of the Mineral
21 Leasing Act (30 U.S.C. 207(a)); or

22 (B) the date the lessee requests such appli-
23 cation.



1 **Subtitle D—Coal and Related**
2 **Programs**

3 **SEC. 441. CLEAN AIR COAL PROGRAM.**

4 (a) AMENDMENT.—The Energy Policy Act of 1992
5 is amended by adding the following new title at the end
6 thereof:

7 **“TITLE XXXI—CLEAN AIR COAL**
8 **PROGRAM**

9 **“SEC. 3101. FINDINGS; PURPOSES; DEFINITIONS.**

10 “(a) FINDINGS.—The Congress finds that—

11 “(1) new environmental regulations present ad-
12 ditional challenges for coal-fired electrical generation
13 in the private marketplace; and

14 “(2) the Department of Energy, in cooperation
15 with industry, has already fully developed and com-
16 mercialized several new clean-coal technologies that
17 will allow the clean use of coal.

18 “(b) PURPOSES.—The purposes of this title are to—

19 “(1) promote national energy policy and energy
20 security, diversity, and economic competitiveness
21 benefits that result from the increased use of coal;

22 “(2) mitigate financial risks, reduce the cost,
23 and increase the marketplace acceptance of the new
24 clean coal technologies; and



1 “(3) advance the deployment of pollution con-
2 trol equipment to meet the current and future obli-
3 gations of coal-fired generation units regulated
4 under the Clean Air Act (42 U.S.C. 7402 and fol-
5 lowing).

6 **“SEC. 3102. AUTHORIZATION OF PROGRAM.**

7 “The Secretary shall carry out a program to facilitate
8 production and generation of coal-based power and the in-
9 stallation of pollution control equipment.

10 **“SEC. 3103. AUTHORIZATION OF APPROPRIATIONS.**

11 “(a) POLLUTION CONTROL PROJECTS.—There are
12 authorized to be appropriated to the Secretary
13 \$300,000,000 for fiscal year 2006, \$100,000,000 for fis-
14 cal year 2007, \$40,000,000 for fiscal year 2008,
15 \$30,000,000 for fiscal year 2009, and \$30,000,000 for fis-
16 cal year 2010, to remain available until expended, for car-
17 rying out the program for pollution control projects, which
18 may include—

19 “(1) pollution control equipment and processes
20 for the control of mercury air emissions;

21 “(2) pollution control equipment and processes
22 for the control of nitrogen dioxide air emissions or
23 sulfur dioxide emissions;



1 “(3) pollution control equipment and processes
2 for the mitigation or collection of more than one pol-
3 lutant;

4 “(4) advanced combustion technology for the
5 control of at least two pollutants, including mercury,
6 particulate matter, nitrogen oxides, and sulfur diox-
7 ide, which may also be designed to improve the en-
8 ergy efficiency of the unit; and

9 “(5) advanced pollution control equipment and
10 processes designed to allow use of the waste byprod-
11 ucts or other byproducts of the equipment or an
12 electrical generation unit designed to allow the use
13 of byproducts.

14 Funds appropriated under this subsection which are not
15 awarded before fiscal year 2012 may be applied to projects
16 under subsection (b), in addition to amounts authorized
17 under subsection (b).

18 “(b) GENERATION PROJECTS.—There are authorized
19 to be appropriated to the Secretary \$150,000,000 for fis-
20 cal year 2007, \$250,000,000 for each of the fiscal years
21 2008 through 2012, and \$100,000,000 for fiscal year
22 2013, to remain available until expended, for generation
23 projects and air pollution control projects. Such projects
24 may include—



1 “(1) coal-based electrical generation equipment
2 and processes, including gasification combined cycle
3 or other coal-based generation equipment and proc-
4 esses;

5 “(2) associated environmental control equip-
6 ment, that will be cost-effective and that is designed
7 to meet anticipated regulatory requirements;

8 “(3) coal-based electrical generation equipment
9 and processes, including gasification fuel cells, gas-
10 ification coproduction, and hybrid gasification/com-
11 bustion projects; and

12 “(4) advanced coal-based electrical generation
13 equipment and processes, including oxidation com-
14 bustion techniques, ultra-supercritical boilers, and
15 chemical looping, which the Secretary determines
16 will be cost-effective and could substantially con-
17 tribute to meeting anticipated environmental or en-
18 ergy needs.

19 “(c) LIMITATION.—Funds placed at risk during any
20 fiscal year for Federal loans or loan guarantees pursuant
21 to this title may not exceed 30 percent of the total funds
22 obligated under this title.

23 **“SEC. 3104. AIR POLLUTION CONTROL PROJECT CRITERIA.**

24 “The Secretary shall pursuant to authorizations con-
25 tained in section 3103 provide funding for air pollution



1 control projects designed to facilitate compliance with
2 Federal and State environmental regulations, including
3 any regulation that may be established with respect to
4 mercury.

5 **“SEC. 3105. CRITERIA FOR GENERATION PROJECTS.**

6 “(a) CRITERIA.—The Secretary shall establish cri-
7 teria on which selection of individual projects described in
8 section 3103(b) should be based. The Secretary may mod-
9 ify the criteria as appropriate to reflect improvements in
10 equipment, except that the criteria shall not be modified
11 to be less stringent. These selection criteria shall include—

12 “(1) prioritization of projects whose installation
13 is likely to result in significant air quality improve-
14 ments in nonattainment air quality areas;

15 “(2) prioritization of projects that result in the
16 repowering or replacement of older, less efficient
17 units;

18 “(3) documented broad interest in the procure-
19 ment of the equipment and utilization of the proc-
20 esses used in the projects by electrical generator
21 owners or operators;

22 “(4) equipment and processes beginning in
23 2006 through 2011 that are projected to achieve an
24 thermal efficiency of—



1 “(A) 40 percent for coal of more than
2 9,000 Btu per pound based on higher heating
3 values;

4 “(B) 38 percent for coal of 7,000 to 9,000
5 Btu per pound based on higher heating values;
6 and

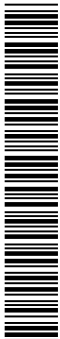
7 “(C) 36 percent for coal of less than 7,000
8 Btu per pound based on higher heating values,
9 except that energy used for coproduction or cogen-
10 eration shall not be counted in calculating the ther-
11 mal efficiency under this paragraph; and

12 “(5) equipment and processes beginning in
13 2012 and 2013 that are projected to achieve an
14 thermal efficiency of—

15 “(A) 45 percent for coal of more than
16 9,000 Btu per pound based on higher heating
17 values;

18 “(B) 44 percent for coal of 7,000 to 9,000
19 Btu per pound based on higher heating values;
20 and

21 “(C) 40 percent for coal of less than 7,000
22 Btu per pound based on higher heating values,
23 except that energy used for coproduction or cogen-
24 eration shall not be counted in calculating the ther-
25 mal efficiency under this paragraph.



1 “(b) SELECTION.—(1) In selecting the projects, up
2 to 25 percent of the projects selected may be either co-
3 production or cogeneration or other gasification projects,
4 but at least 25 percent of the projects shall be for the
5 sole purpose of electrical generation, and priority should
6 be given to equipment and projects less than 600 MW to
7 foster and promote standard designs.

8 “(2) The Secretary shall give priority to projects that
9 have been developed and demonstrated that are not yet
10 cost competitive, and for coal energy generation projects
11 that advance efficiency, environmental performance, or
12 cost competitiveness significantly beyond the level of pollu-
13 tion control equipment that is in operation on a full scale.

14 **“SEC. 3106. FINANCIAL CRITERIA.**

15 “(a) IN GENERAL.—The Secretary shall only provide
16 financial assistance to projects that meet the requirements
17 of sections 3103 and 3104 and are likely to—

18 “(1) achieve overall cost reductions in the utili-
19 zation of coal to generate useful forms of energy;
20 and

21 “(2) improve the competitiveness of coal in
22 order to maintain a diversity of domestic fuel choices
23 in the United States to meet electricity generation
24 requirements.



1 “(b) CONDITIONS.—The Secretary shall not provide
2 a funding award under this title unless—

3 “(1) the award recipient is financially viable
4 without the receipt of additional Federal funding;
5 and

6 “(2) the recipient provides sufficient informa-
7 tion to the Secretary for the Secretary to ensure
8 that the award funds are spent efficiently and effec-
9 tively.

10 “(c) EQUAL ACCESS.—The Secretary shall, to the ex-
11 tent practical, utilize cooperative agreement, loan guar-
12 antee, and direct Federal loan mechanisms designed to en-
13 sure that all electrical generation owners have equal access
14 to these technology deployment incentives. The Secretary
15 shall develop and direct a competitive solicitation process
16 for the selection of technologies and projects under this
17 title.

18 **“SEC. 3107. FEDERAL SHARE.**

19 “The Federal share of the cost of a coal or related
20 technology project funded by the Secretary under this title
21 shall not exceed 50 percent. For purposes of this title,
22 Federal funding includes only appropriated funds.

23 **“SEC. 3108. APPLICABILITY.**

24 “No technology, or level of emission reduction, shall
25 be treated as adequately demonstrated for purposes of sec-



1 tion 111 of the Clean Air Act (42 U.S.C. 7411), achievable
2 for purposes of section 169 of the Clean Air Act (42
3 U.S.C. 7479), or achievable in practice for purposes of
4 section 171 of the Clean Air Act (42 U.S.C. 7501) solely
5 by reason of the use of such technology, or the achieve-
6 ment of such emission reduction, by one or more facilities
7 receiving assistance under this title.”.

8 (b) TABLE OF CONTENTS AMENDMENT.—The table
9 of contents of the Energy Policy Act of 1992 is amended
10 by adding at the end the following:

“TITLE XXXI CLEAN AIR COAL PROGRAM

- “Sec. 3101. Findings; purposes; definitions.
- “Sec. 3102. Authorization of program.
- “Sec. 3103. Authorization of appropriations.
- “Sec. 3104. Air pollution control project criteria.
- “Sec. 3105. Criteria for generation projects.
- “Sec. 3106. Financial criteria.
- “Sec. 3107. Federal share.
- “Sec. 3108. Applicability.”.

